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IBM CORPORATION, INTELLECTUAL PROPERTY LAW DEPT 917, BLDG. 006-1 3605 HIGHWAY 52 NORTH ROCHESTER, MN 55901-7829		

EXAMINER	
BEKERMANN, MICHAEL	

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Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.



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**BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES**

Application Number: 09/887,621

Filing Date: June 22, 2001

Appellant(s): BATES ET AL.

Gero G. McCellan
For Appellant

EXAMINER'S ANSWER

This is in response to the appeal brief filed 6/20/2007 appealing from the Office action mailed 10/18/2006

(1) Real Party in Interest

A statement identifying by name the real party in interest is contained in the brief.

(2) Related Appeals and Interferences

The examiner is not aware of any related appeals, interferences, or judicial proceedings which will directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal.

(3) Status of Claims

The statement of the status of claims contained in the brief is correct.

(4) Status of Amendments After Final

The appellant's statement of the status of amendments after final rejection contained in the brief is correct.

(5) Summary of Claimed Subject Matter

The summary of claimed subject matter contained in the brief is correct.

(6) Grounds of Rejection to be Reviewed on Appeal

Appellant's brief presents arguments relating to the objection of claim 7. This issue relates to petitionable subject matter under 37 CFR 1.181 and not to appealable subject matter. See MPEP § 1002 and § 1201.

Otherwise, the appellant's statement of the grounds of rejection to be reviewed on appeal is correct with the addition of the New Ground of Rejection discussed below:

NEW GROUND(S) OF REJECTION

Claims 1-12 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

(7) Claims Appendix

The copy of the appealed claims contained in the Appendix to the brief is correct.

(8) Evidence Relied Upon

20040143502	MCCLUNG, III	7-2004
20010042785	WALKER	11-2001

(9) Grounds of Rejection

The following ground(s) of rejection are applicable to the appealed claims:

Claims 1-11 and 13-28 are rejected under 35 U.S.C. 103(a) as being unpatentable over McClung (U.S. Pub No. 2004/0143502).

Referring to claims 1-7, 11, 13-18, and 22-26, McClung teaches a host computer system as tracking a transaction by the item and purchase price, receiving and storing price matching data including an item match price, comparing the purchase price to a comparison price (item match price) periodically (over different time periods), and administering a credit for the price differential to the customer if the comparison price is lower than the purchase price (Paragraph 0007). The system would inherently have to obtain an account number (customer identification number) in order to credit the customer's account. McClung also teaches the credit card account as being an account with the vendor (Paragraph 0008, Sentence 3 and Paragraph 0131, Sentence 1). A step of determining whether a user is a member of the system (signed up through a vendor) is inherent when a purchase takes place. McClung, however, does not specify what action takes place should a user not have an account with the system. It would have been obvious to one having ordinary skill in the art at the time the invention was made to notify a non-member at a time of purchase as to an *explanation* of the types of savings (such as *price matching* or *price*

guarantees) that could be incurred through signing up. This would provide a greater chance of that non-member signing up.

Referring to claims 8, 10, 19, 21, and 28, McClung teaches a price-guarantee period (Paragraph 0007). Recording and comparing purchase and current dates is inherent in offering the price-guarantee period.

Referring to claims 9, 20, and 27, McClung teaches a price-guarantee period that could be (but not limited to) a week, a month, 3 months, 6 months, or a year (Paragraph 0007).

McClung also teaches the monitoring competitors on a real time basis (Paragraph 0009, Sentence 2). McClung doesn't specify the price-guarantee period as being same-day and doesn't describe what would happen should a customer purchase a product in the morning with a lower comparison price appearing in the system later in the day. It would have been obvious to one having ordinary skill in the art at the time the invention was made to have the price-guarantee period be whatever time period the retailer would prefer, including same-day. This would make the system more attractive to retailers by allowing them more choices.

Claims 11, 12, 29, and 30 are rejected under 35 U.S.C. 103(a) as being unpatentable over McClung (U.S. Pub No. 2004/0143502) in view of Walker (U.S. Pub No. 2001/0042785).

Referring to claims 11, 12, 29, and 30, McClung teaches crediting an account with a vendor to implement a guaranteed pricing promotion. McClung doesn't teach the transferring of balances between different credit accounts. Walker teaches that it is well-known to transfer debt balances between accounts to take advantage of different account features (Paragraph 0011, Sentence 2). It would have been obvious to one having ordinary skill in the art at the time the

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invention was made to transfer a credit balance from one account to another in order to take advantage of retailer guaranteed pricing. It would also have been obvious to one having ordinary skill in the art at the time the invention was made to notify a non-member at a time of purchase as to potential credits that could be incurred through transferring a balance. This would provide a greater chance of that non-member transferring the balance.

NEW GROUND(S) OF REJECTION

Claim Rejections - 35 USC § 101

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 1-12 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. Based on Supreme Court precedent a method claim must (1) be tied to another statutory class of invention (such as a particular apparatus) or (2) transform underlying subject matter (such as an article or materials) to a different state or thing (see at least *Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972); *Cochrane v. Deener*, 94 U.S. 780, 787-88 (1876)). A method claim that fails to meet one of the above requirements is not in compliance with the statutory requirements of 35 U.S.C. 101 for patent eligible subject matter. Here claims 1-12 fail to meet the above requirements.

(10) Response to Argument

Response to Appellants arguments of the 103 rejection over claims 1-11 and 13-28.

Appellant argues that a step of determining whether a user is a member of a system is not inherent when a purchase takes place by using the example “a customer who has a store credit card or account may make a purchase using another credit card or cash without ever disclosing that he has a store credit card”. Applicant’s invention is essentially directed towards using a store credit card account to receive discounts. When a consumer makes a purchase, the system inherently automatically “determines whether the item is purchased using a store credit card account” (language taken from Claim 1). The system knows if the user is making a purchase with a J.C. Penney card (which is an old and well-known type of department store account) as opposed to a typical Visa card. This is, in fact, the inherency the Examiner relies on. If the consumer is a member of the system, and doesn’t use the appropriate store credit card, then whether the consumer is a member of the system or not is a moot point. It appears that the Appellant is attempting to rely on a technicality to overcome the rejection, when in fact, the technicality is not really available since the inherency should be easily understood when compared to the claim scope. Appellant’s claims do not require a determination of whether a consumer is a member of the system or not. It only requires that a consumer uses the store account at a time of purchase.

Appellant further argues “McClung does not teach or suggest any different treatment between customers who used store credit cards to make a purchase and those who did not”. McClung teaches signing up with a *vendor* to have amounts *credited* in Paragraph 0008. Another reference to this can be found at Paragraph 0131, Sentence 1. At this citation, McClung is quoted as teaching “an entity (e.g. but not limited to, a financial institution, a network, an ISP,

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a retail business, or an on-line entity) may have a consumer register or sign-up to receive the benefit of a best price guarantee”. This appears to be a store credit account, and the Examiner stands by this interpretation. This also leads to the interpretation that if a consumer is not signed up, the price guarantee may not be implemented.

In relation to the argument of improper hindsight, in many situations there is neither a motivation or evident lack of motivation to make a modification articulated in cited references. Numerous scenarios typically find the prior art reference disclosing aspects of claimed subject matter, but fail to specifically point the way toward the combination to arrive at Applicant’s invention. A judgment must be made whether a person of ordinary skill in the art would have had sufficient motivation to combine individual elements forming the claimed invention, as in this particular situation. In re Clinton, 527 F.2d 1226, 1228, 188 USPQ 365, 367 (CCPA 1976). Further, *KSR* forecloses the argument that a specific teaching is required for a finding of obviousness (citing *KSR*, 127 S.Ct. at 1741, 82 USPQ2d at 1396). See Board decision *Ex parte Smith*, --USPQ2d--, slip op. at 20, (Bd. Pat. App. & Interf. June 25, 2007). By arguing hindsight, the Appellant is referring to obvious statements the Examiner made to combinations which only unite old elements with no change in their respective functions and which yield predictable results.

Response to Appellants arguments of the 103 rejection over claims 11, 12, 29, and 30. Appellant argues a general statement that the references do not support the content of these claims, yet has not pointed to any specific reasoning for this assertion other than improper hindsight. Examiner has addressed his thoughts on improper hindsight in the above paragraph, with the same reasoning applying to this claim set.

Response to Appellants arguments of the objection over claim 7. Since objections are not appealable, no counter-argument is made and this point is moot.

(11) Related Proceeding(s) Appendix

No decision rendered by a court or the Board is identified by the examiner in the Related Appeals and Interferences section of this examiner's answer.

For the above reasons, it is believed that the rejections should be sustained.

This examiner's answer contains a new ground of rejection set forth in section (9) above. Accordingly, appellant must within **TWO MONTHS** from the date of this answer exercise one of the following two options to avoid *sua sponte* **dismissal of the appeal** as to the claims subject to the new ground of rejection:

(1) **Reopen prosecution.** Request that prosecution be reopened before the primary examiner by filing a reply under 37 CFR 1.111 with or without amendment, affidavit or other evidence. Any amendment, affidavit or other evidence must be relevant to the new grounds of rejection. A request that complies with 37 CFR 41.39(b)(1) will be entered and considered. Any request that prosecution be reopened will be treated as a request to withdraw the appeal.

(2) **Maintain appeal.** Request that the appeal be maintained by filing a reply brief as set forth in 37 CFR 41.41. Such a reply brief must address each new ground of rejection as set forth in 37 CFR 41.37(c)(1)(vii) and should be in compliance with the other requirements of 37 CFR 41.37(c). If a reply brief filed pursuant to 37 CFR 41.39(b)(2) is accompanied by any amendment, affidavit or other evidence, it shall be treated as a request that prosecution be reopened before the primary examiner under 37 CFR 41.39(b)(1).

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Extensions of time under 37 CFR 1.136(a) are not applicable to the TWO MONTH time period set forth above. See 37 CFR 1.136(b) for extensions of time to reply for patent applications and 37 CFR 1.550(c) for extensions of time to reply for ex parte reexamination proceedings.

Respectfully submitted,

Michael Bekerman/MB/
Examiner, Art Unit 3622

Eric Stamber/Eric W. Stamber/
Supervisory Patent Examiner, Art Unit 3622

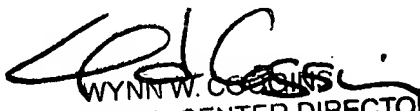
Conferees:

Eric Stamber/E. W. S./
Supervisory Patent Examiner, Art Unit 3622

Vincent Millin /VM/
Appeals practice Specialist



A Technology Center Director or designee must personally approve the new ground(s) of rejection set forth in section (9) above by signing below:



WYNN W. COZZINS
TECHNOLOGY CENTER DIRECTOR